

Message Text

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70/62

ORIGIN PM-07

INFO OCT-01 NEA-10 ISO-00 NSC-10 SPC-03 SS-15 RSC-01

CIAE-00 INR-10 NSAE-00 DODE-00 OMB-01 TRSE-00 AID-20

IGA-02 ABF-01 L-03 H-03 /087 R

66613

DRAFTED BY:PM/MAS:RWSMITH:L/PM:JHMICHEL/CT/LD

APPROVED BY:PM/MAS:ROBERT T. GREY

TREASURY - OASIA - MR. TOMCHO

M/FRM/FM-MR. MANION

AID/FM/LD - MR. GLAKAS (PARA 1)

NEA/TUR - MR. MURPHY

DOD/DSAA - MR. DENNEHY

----- 060137

R 242106Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY ANKARA

C O N F I D E N T I A L STATE 189802

C O R R E C T E D C O P Y (1ST FOUR LINES PARA 3 OMITTED).

E.O. 11652: GDS

TAGS: MASS, AFIN, ABUD, TU, US

SUBJECT:TEN PERCENT DEPOSIT REQUIREMENT

REFS: (A) ANKARA 7166; (B) STATE 176472

1. FIGURE OF 13.6 MILLION DOLLARS CITED PARA L, REFTEL B WAS SHORTFALL FOR FY 1974, EXCLUSIVE OF ACCOMMODATION EXCHANGE, BASED ON TREASURY'S BUREAU OF ACCOUNTS EXPENDITURE FIGURES AND AID'S LOAN DIVISION LOCAL CURRENCY INCOME FIGURES. HOWEVER, RECENT UPDATING OF THESE SOURCES SHOW THAT SHORTFALL IS NOW DOWN TO 6.1 MILLION, AS SHOWN BELOW:

FY 74 PROJECTIONS
(MILLIONS OF DOLLARS)

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BEGINNING BALANCE0

COMMERCIAL AND TREASURY

SOURCE PURCHASES (1) 43.1
-ACCOMMODATION EXCHANGE 13.6

NET EXPENDITURES29.5

PROJECTED LOCAL CURRENCY RECEIPTS, MOV AND

NON-MOV (2)23.4
SHORTFALL6.1

(1) PROJECTED FROM FIGURES PROVIDED IN REPORT ON FOREIGN
CURRENCIES HELD BY THE USG, FY 73.

(2) AID LOAN DIVISION PROJECTION BY REGION.

2. RE YOUR REQUEST FOR EXPLANATION OF PARA 3, REFTEL B,
LATTER PARA WAS INTENDED TO CONVEY POINT THAT IF GOT OPTED
FOR PREPAYMENT, SUCH PAYMENTS WOULD NEED TO BEGIN AS SOON
AS TECHNICAL DISCUSSIONS WERE COMPLETED AND AGREEMENT
REACHED ON PREPAYMENT. THIS WOULD BE TRUE REGARDLESS OF
STATUS OF 50 MILLION DOLLAR PRESIDENTIAL WAIVER. FURTHER-
MORE, PREPAYMENT WOULD BE RETROACTIVE TO BEGINNING OF FY
74. WE HAD ALSO INTENDED TO GET POINT ACROSS THAT UNDER
REQUIREMENT TO BEGIN IMMEDIATE PREPAYMENT, TURKS MIGHT
FIND 50 MILLION DOLLAR WAIVER MORE ATTRACTIVE, PARTICULARLY
IF AMOUNT OF PREPAYMENT WAS TO BE 13.6 MILLION. HOWEVER,
LATEST SHORTFALL FIGURE OF 6.1 MILLION MIGHT MAKE PREPAY-
MENT AN ATTRACTIVE OPTION FROM THE TURKISH POINT OF VIEW.

3. ONE ADDITIONAL POINT THAT REQUIRES CAREFUL ATTENTION
IS TO BE SURE OUR SECURITY ASSISTANCE PROGRAM TO TURKEY
IS IN FULL COMPLIANCE WITH SECTION 514 OF FOREIGN ASSIST-
ANCE ACT. USG HAS CONCLUDED AGREEMENTS PURSUANT TO
SECTION 514 WITH ALL MAP RECIPIENTS EXCEPT THOSE WHERE (A)
ENTIRE PROGRAM EXEMPTED BY SECTION 614(A) WAIVER; (B)
EXCESS CURRENCIES HAVE CONSISTENTLY BEEN AVAILABLE TO
MEET ALL USG REQUIREMENTS; OR (C) COUNTRY IS EXEMPTED BY
SECTION 514(C). TURKEY IS ONLY COUNTRY WITH WHICH
WE HAVE DISCUSSED SECTION 514, YET HAVE NO AGREEMENT. NOW
THAT ISSUE HAS ARISEN, DEPT BELIEVES USG SHOULD ENTER INTO
AGREEMENT IN ORDER TO ESTABLISH DATE (JULY 1, 1973) FOR
ACKNOWLEDGEMENT BY GOT OF ITS OBLIGATION TO PAY LOCAL
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CURRENCY DEPOSITS, SUBJECT TO EXEMPTIONS THAT MIGHT APPLY
FROM TIME TO TIME. TEXT OF STANDARD AGREEMENT, MODIFIED
TO CONFORM TO PRESENT TURKISH SITUATION, WILL BE FORWARDED
SEPARATELY FOR EMBASSY COMMENT. RUSH

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